BRITISH COLUMBIA
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BC Stats

Infoline

Contact: bcstats.infoline@gov.bc.ca Issue: 08-28 July 11th, 2008

- **Jobless rate unchanged at 4.5% in June**
- **Exports rise again in May**
- **Housing starts fall, but value of building permits rises in May**

Labour Force

- **British Columbia's unemployment rate was unchanged at 4.5% (*seasonally adjusted*) in June, as a 0.3% increase in the size of the labour force was matched by a similar (+0.2%) rise in the number of people with jobs.** The Canadian jobless rate inched up to 6.2%. June was the fourth straight month in which there has been little or no change in the number of jobs for Canadian workers, and the third month in which labour force growth has stalled.

  The national jobless rate continues to reflect a polarization of job markets within the country. Labour market conditions in the west remain robust, and this is helping to keep the national unemployment rate stable despite weakness in Ontario, where the situation is not as rosy. Alberta's unemployment rate fell to 3.3%, as the number of jobs in that province jumped 0.5%. Manitoba posted an even bigger gain (+0.6%) as did Nova Scotia (+1.4%). However, employers in Ontario cut back (-0.4%) and the number of jobs in Quebec was unchanged from May.

  Data Source: Statistics Canada

- **BC's job growth occurred despite continued weakness in the goods industries, where employment fell (-0.3%) for a third straight month.** The construction industry (-2.1%) cut back, but manufacturing (+1.3%) added more workers to the payroll. The service sector rebounded (+0.3%), with trade (+2.3%), professional, scientific & technical services (+2.3%) transportation & warehousing (+4.2%) and miscellaneous services (+4.9%) posting particularly strong gains. However, there were fewer jobs in information, culture & recreation (5.3%) and accommodation & food services (-3.9%).

  Public sector employment increased 0.4%, but there were fewer people working in the private sector (-1.0%). There were more full-time jobs (+0.2%), but part-time employment was unchanged from May. The youth unemployment rate dropped to 8.3%, but this was still more than double the jobless rate (3.8%) for those aged 25 and over.

  Among the regions, Kootenay (2.9%, *3-month moving average, unadjusted*) and Vancouver Island/Coast (3.9%) had the lowest unemployment rates. The jobless rate was highest in North Coast/Nechako (8.5%).

  Data Source: Statistics Canada

The Economy

- **BC's exports recorded a second straight month of strong growth in May (+10.4%, seasonally adjusted) as a 32.8% jump in shipments to markets other than the United States more than offset a 7.3% drop in exports to the US itself.** The main drivers of the growth to overseas markets were a 58.8% spike in energy products, particularly coal, and a 53.0% hike in shipments of industrial and consumer goods. The slump in shipments to the US was mainly the result of a 25.4% drop in exports of energy products and the continuing weakness in exports of forestry products (-4.1%).

  Data Source: BC Stats

- **Canadian exports increased for the fifth straight month, rising 5.4% (seasonally adjusted), as all major commodity groupings, with the exception of automotive products (-3.5%) saw an increase.** Energy products (+8.1%) and industrial goods and materials (+9.0%) recorded the strongest growth in exports.

  Data Source: Statistics Canada

- **Housing starts in the province slipped 8.8%**

Report The Price is Right for Coal Producers in BC

Did you know...
86% of Canadian women and 80% of men say their ideal mate would read at least one newspaper every day. *Source: Ipsos Canada*

in May, following a relatively uneventful April (+0.5%). Canadian starts also declined (-4.3%), with new home building activity dropping off in seven provinces. The most significant decrease was recorded in Alberta (-25.5%), while neighbouring Saskatchewan (+47.1%) posted the most notable growth. *Data Source: CMHC*

- **The value of building permits issued by BC municipalities climbed 5.7% (*seasonally adjusted*) in May, on the strength of planned activity in the non-residential (+30.7%) sector.** Permits for institutional & government buildings nearly quadrupled (+268.6%), with a less substantial increase in commercial (+11.8%) and industrial (-8.4%) projects. Planned spending on residential buildings was down 7.9%.

  Permits increased in the province's two largest census metropolitan areas, with Vancouver and Victoria each recording double-digit surges (+27.3% and 20.9%, respectively). Meanwhile, both Kelowna (-4.3%) and Abbotsford (-50.6%) posted declines. Vancouver accounted for more than sixty percent of the total value of building permits issued in May.

  Canadian permits inched up 1.1%, with significant volatility among the provinces. Increased activity in Ontario (+3.1%), BC and most of Atlantic Canada managed to offset decreases in Quebec (-2.2%) and the Prairie provinces.

  Data Source: Statistics Canada

- **Compared to the same period last year, the value of building permits issued by BC municipalities was down 7.1% during the first five months of 2008.** Building intentions were up in most parts of the province, but the two largest regions recorded substantial declines. Mainland/Southwest (-10.4%) saw slips in residential, commercial and institutional projects, while for Vancouver Island/Coast, strength in the commercial and industrial sectors was outweighed by drops in residential and institutional projects. In the rest of the province, increases in the value of permits ranged from 4.4% in Cariboo to 37.7% in Kootenay, where the values of residential, industrial and commercial building permits were up significantly from last year.

  Data Source: Statistics Canada & BC Stats

Book Publishing

- **The book publishing industry recorded total revenues of just over $2.1 billion in 2006, down 1.2% from 2005.** Revenues in BC plummeted (-17.0%), outweighing a 12.0% gain in neighbouring Alberta. Growth in operating revenue was flat among other provinces.

  The industry's total profit margin increased from 10.1% to 11.9% between 2005 and 2006. Collectively, companies in Ontario and Quebec accounted for the majority of the industry's profit (95%). BC was the third largest contributor, generating 6% of revenues, followed by Alberta (2%).

  Despite the lacklustre revenue results in 2006, it appears that Canadians are still buying books. In contrast to steady declines in household spending on newspapers, magazines and periodicals, average household spending on books rose from $86 in 1998 to $111 in 2005. However, by 2006, it had eased to $108. Residents of BC, Ontario and Alberta remain the most fervent book buyers in the country.

  Data Source: Statistics Canada

Television Broadcasting

- **Operating revenues from television broadcasting in Canada expanded 3.0% last year, reaching nearly $6.2 billion.** Pay-TV led the way in terms of growth, with revenues soaring 13.5% to exceed $547 million. Much of the recent expansion in this segment was due to the increasing popularity of pay-per-view television and video-on-demand. Meanwhile, private conventional television broadcasters saw minimal growth (+1.1%), but still ranked first in terms of revenue ($2.2 billion). Specialty television continued to grow rapidly (+8.0%), while public & non-commercial broadcasters (-5.3%) saw revenues decline for the first time in a decade. In terms of profitability, specialty television is at the head of the pack, earning 24 cents of operating profit for every revenue dollar. The profit margin for the pay television segment was 21%, slightly lower than that earned in 2006. For conventional TV, the profit margin was five percent. *Data Source: Statistics Canada*

For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

Contact: Dan Schrier
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Originally published in
Exports Issue 08-04

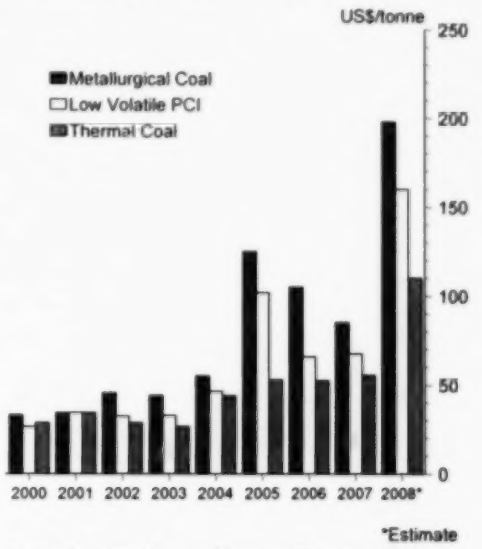
The Price is Right for Coal Producers in BC

BC's coal producers went through a tough period in 2007, with the value of exports of coal slumping 13% compared to a year earlier; however, surging prices are offering brighter prospects for 2008 and beyond. The price inflation is due to a combination of both increasing demand and difficulties on the supply side.

Demand from steel-manufacturing countries, such as Japan, South Korea, Brazil, China and India has already been affecting prices, but a tightening of the supply at the same time that demand is high is really driving prices through the roof. Australia, the world's largest exporter of coal, was hit by monsoonal rains late in 2007 that flooded mines, leading to reduced output. Australia's coal exports were already restricted prior to the flooding due to constraints at the country's railways and ports. In Russia, production was suspended at 30 mines due to safety concerns and severe snowstorms in China have both affected coal output and caused transportation problems.[1]

The problems occurring in these countries could be an opportunity for BC coal producers to increase their market share in major coal markets. However, similar to Australia, there are rail and port constraints to deal with that could limit the volume of trade. Nevertheless, the substantial price spikes are good news for an industry that was struggling only last year. Estimates from the Ministry of Energy, Mines and Petroleum Resources have prices more than doubling in 2008 for all types of coal. The price of metallurgical coal, which is mainly used in steel production, is forecast to rise from a per tonne average of $85 in 2007 to $198 (all prices in US$). The price for low volatile PCI, which is pulverized coal that is injected into blast furnaces and used as a replacement for coke in the production of pig iron, for example, is projected to jump from a per tonne average of $67.50 to $160. Thermal coal, which is primarily used to produce electricity, is expected to see an average price of $110 per tonne in 2008, up from $55.65 a year earlier.

Prices for all types of coal are expected to soar



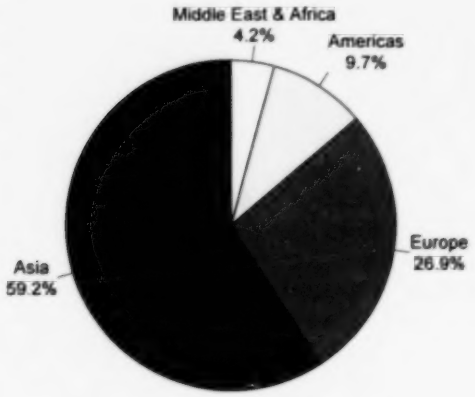
Source: Ministry of Energy, Mines and Petroleum Resources

The price of coal is dependent on its quality and, in some cases, BC producers have already contracted prices for high quality coal at over $300 per tonne, which is triple the value received last year.

The most common type of coal exported from BC is metallurgical coal. In 2007, 97% of the coal shipped from BC to international destinations was comprised of metallurgical coal. Asia was by far the prime destination for coal from BC (59%), but Europe was also a significant recipient of BC coal exports (27%).

[1] Mohr, Patricia, Scotiabank Commodity Price Index, February 25, 2008, p. 2.

Asia and Europe were the destination for the bulk of BC's coal exports in 2007



Source: Statistics Canada

Japan (33% of BC's coal exports in 2007) and South Korea (20%) top the list of markets for BC-produced coal. Taiwan (5%) is the only other major Asian market, although China could be looking to BC in the short-term, given their current problems with domestic production and India is another possible market for BC to explore.

Top 5 Destinations for BC Coal Exports

(Metric Tonnes)

Destination	2005	2006	2007
Japan	6,466,444	6,800,681	8,219,319
South Korea	4,515,873	4,222,646	5,040,161
Germany	1,757,343	1,661,358	1,691,687
Brazil	1,718,266	1,584,246	1,544,854
United Kingdom	1,677,264	1,355,276	1,267,716

Source: Statistics Canada

In Europe, Germany (7%), the United Kingdom (5%), the Netherlands (4%) and Italy (4%) are the primary markets for BC's coal. Other significant consumers of BC-produced coal include Brazil (6%) and Turkey (4%).

The spike in coal prices should spur not only a boost in production at current mines, but could also hasten the development of new coal mines in the province. As can be seen on the map on the following page, there is a wealth of coal deposits spread throughout the province. Although current activity is concentrated in the East Kootenay and Peace River South areas, with only one other mine currently operating elsewhere (on Vancouver Island), there are also substantial coalfields in Northwest British Columbia, on Vancouver Island and in the southern part of the province.

According to PriceWaterhouseCoopers annual reports on the mining industry in BC, production in 2007 increased marginally (+1.6%) over output from 2006, despite a decline in plant capacity. However, BC's mines produced only 69% of their rated capacity, meaning there is room for growth even without new mines.

BC Coal Production in 2007

(Metric Tonnes)

Mine	Capacity	Actual Production	% of Capacity
Coal Mountain	3,500,000	2,145,000	61%
Elkview	7,000,000	5,047,000	72%
Fording River	10,416,000	7,867,000	76%
Greenhills	5,300,000	4,143,000	78%
Line Creek	3,600,000	2,394,000	67%
Quinsam Coal	1,560,000	698,000	45%
Western Canadian Coal (Northeast mines)	3,000,000	1,379,132	46%
TOTAL (2007)	34,376,000	23,673,132	69%
TOTAL (2006)	35,670,000	23,298,000	65%

Source: PriceWaterhouseCoopers

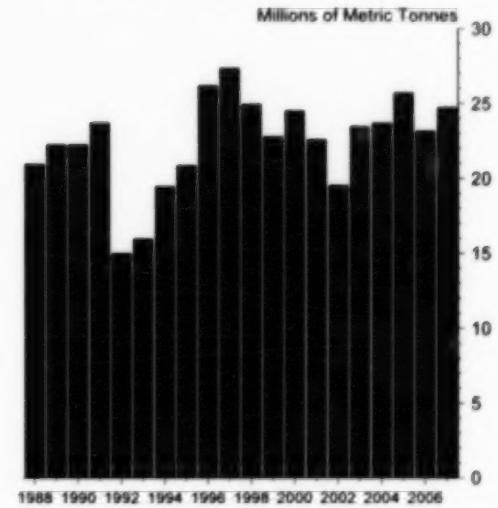
There are coal deposits spread throughout the province, but the East Kootenay and Peace River South regions are home to most of BC's current operating mines

Note: Labels for operating coal mines are highlighted with a grey background and those for coalfields with a white background.

Map source: Ministry of Energy, Mines and Petroleum Resources "MapPlace" thematic maps: http://www.em.gov.bc.ca/Mining/Geolsurv/MapPlace/themeMaps.htm

Coal exports from British Columbia have experienced some volatility over the last two decades, with lean years in the mid-nineties and a sub-par year in 2002, but the volume of exports has been relatively flat over the last five years. Based on early data from 2008, it appears that this year could be one of strong growth. Shipments to international destinations are already up 20% over the first four months; however the value of exports is only up 2% so far, as the contracted price increases have yet to kick in.

BC's coal exports have experienced some volatility over the last 20 years



Source: Statistics Canada

It is likely that 2008 will be a peak year for coal prices as many of the problems that have beset the industry worldwide are unlikely to reoccur. Nevertheless, demand for the mineral remains strong, particularly from countries such as China and India, which are continuing to develop their industrial sectors. As such, prices should remain strong for some years to come, which should help keep BC's industry healthy.

One issue that could negatively affect the coal industry is the perception that it is a "dirty" source of energy that contributes to greenhouse gases. The industry could be susceptible to costs from initiatives such as carbon taxes or cap and trade schemes, which could in turn affect the bottom line for companies producing coal. However, there is research currently being conducted to develop clean coal technology that will significantly reduce greenhouse gas emissions. The high demand and high prices for coal should continue to keep the sector financially viable for the short-term, at least, but these types of technologies may be critical to the sustained success of the coal industry given the push toward more environmentally-friendly fuels

Infoline

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Email transmission information service from BC Stats

also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Apr 1/08	% change on one year ago
BC	4,428.4	1.5
Canada	33,223.8	1.1
GDP and INCOME (Revised Apr 28)		
(BC - at market prices)	2007	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	190,214	5.5
GDP *($ 2002 millions)*	163,200	3.1
GDP *($ 2002 per Capita)*	37,258	1.7
Personal Disposable Income *($ 2002 per Capita)*	24,728	3.0
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Apr	3,350	-0.2
Merchandise Exports - Apr	2,523	9.4
Retail Sales - Apr	4,775	-0.7
CONSUMER PRICE INDEX	% change on one year ago	12-month avg % change
(all items - May 2008)		
BC	2.1	1.4
Vancouver	2.4	1.7
Victoria	1.9	0.9
Canada	2.2	2.1
LABOUR FORCE (thousands)		% change on prev. month
(seasonally adjusted)	Jun '08	
Labour Force - BC	2,432	0.3
Employed - BC	2,322	0.2
Unemployed - BC	110	1.7
		May '08
Unemployment Rate - BC *(percent)*	4.5	4.5
Unemployment Rate - Canada *(percent)*	6.2	6.1
INTEREST RATES (percent)	Jul 9/08	Jul 11/07
Prime Business Rate	4.75	6.25
Conventional Mortgages - 1 year	6.95	7.05
- 5 year	7.15	7.24
US-CANADA EXCHANGE RATE	Jul 9/08	Jul 11/07
(avg. noon spot rate) Cdn $ per US $	1.0108	1.0558
(closing rate) US $ per Cdn $	0.9890	0.9489
AVERAGE WEEKLY WAGE RATE		% change on one year ago
(industrial aggregate - dollars)	Jun '08	
BC	782.92	5.8
Canada	781.94	4.3

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Immigration & Diversity Profiles

The Welcome BC site now features two series of graphic profiles based on the 2006 Census. Over 200 individual documents in each series reveal the characteristics of British Columbia, its regions, and communities.

Www.welcomebc.ca/en/growing_your_community/trends/2006/

NEW RSS enabled for our site

We now have two RSS feeds for our users. One provides updates for our analytical articles; the other is for everything we do, including the analytical articles, but also announcements, data releases, and publications.

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Released this week by BC Stats

- Labour Force Statistics, June 2008
- Earnings & Employment Trends, June 2008

Next week

- Exports, May 2008
- Business Indicators, June 2008

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